

GOVERNMENT OF INDIA  
MINISTRY OF AGRICULTURE AND FARMERS WELFARE  
DEPARTMENT OF AGRICULTURE, COOPERATION AND FARMERS WELFARE

**LOK SABHA**  
**UNSTARRED QUESTION NO.2247**  
TO BE ANSWERED ON THE 31<sup>ST</sup> JULY, 2018

**INTEREST SUBVENTION TO FARMERS**

2247. SHRI DUSHYANT SINGH:

Will the Minister of AGRICULTURE AND FARMERS WELFARE कृषि एवं किसान कल्याण मंत्री be pleased to state:

- (a) whether the Government proposes to provide 75% of the amount of interest subvention at the beginning of the financial year to the farmers of Rajasthan;
- (b) if so, the details thereof, and if not, the reasons therefor;
- (c) whether the Government also proposes to provide 75% of interest subvention as interest free revolving fund to Cooperative Banks in Rajasthan to avoid financial loss to the Cooperative Banks; and
- (d) if so, the details thereof and if not, the reasons therefor?

**ANSWER**

MINISTER OF STATE IN THE MINISTRY OF AGRICULTURE AND FARMERS WELFARE

कृषि एवं किसान कल्याण मंत्रालय में राज्य मंत्री (SHRI GAJENDRA SINGH SEKHAWAT)

(a) to (d): No, Madam. The Government of India (GoI) has been implementing the Interest Subvention Scheme (ISS) since 2006-07. In 2017-18 under the Scheme, the Government provided interest subvention @ 2% per annum on short term crop loans upto Rs.3.00 lakh for a period of one year and further provided a Prompt Repayment Incentive (PRI) @ 3% per annum to farmers. Thus, against the normal lending rate of 9%, the short term crop loans were made available to such prompt payee farmers at an effective interest rate of 4% per annum. In 2018-19, the Scheme is continuing on interim basis on the same terms and conditions.

Further, in addition to interest subvention provided by GoI under ISS, some State Governments including Rajasthan also provide interest subsidy to Cooperative Structure in the State to enable these institutions to lend short term crop loans to farmers at zero rate of interest. Under the present scheme of things short term crop loans are advanced by banks to farmers at subvented interest rate of 7% per annum. Thus, as far as the farmers are concerned, they are benefitted with the entire interest subvention of 2% at the time of availing the crop loan itself. However, in case of PRI, the banks credit the amount of 3% interest subvention to the farmer's crop loan account only in case of repayment as per the repayment schedule fixed by the banks. As such, presently there is no proposal under consideration with the Government to provide 75% of the amount of interest subvention at the beginning of the financial year to the farmers of Rajasthan.

Further there is no proposal under consideration to provide 75% of interest subvention as interest free revolving fund to Cooperative Banks in Rajasthan and the present arrangement for settlement of audited claims on the basis of reimbursement will continue. .

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